

MINUTES

McKenzie Watershed Council
Eugene Water & Electric Board Training Room—500 East 4th Avenue
Eugene, Oregon

February 9, 2006
5:30 p.m.

PRESENT: Mike McDowell (Weyerhaeuser), Facilitator; Mary Allison (United States Forest Service), Bob Bumstead (McKenzie Flyfishers), Pat Gripp (McKenzie Residents Association), Gene Highfill (McKenzie River Guides), Michael Kerrick (At-large stakeholder), Joe Moll (McKenzie River Trust), Michael Morales (for John Lilly, Division of State Lands), Douglas Moser (At-large stakeholder), Alan Olander (Hynix Semiconductor), Gary Papé (City of Eugene), Erik Petersen (Army Corps of Engineers), Ralph Perkins (East Lane Soil & Water Conservation District), Joe Pishioneri (City of Springfield), Jerry Richeson (for Emily Rice, Bureau of Land Management), John Simpson (Eugene Water & Electric Board), Jeff Ziller (Oregon Department of Fish and Wildlife), Council Partners; Megan Finnessy, Juan Welsh, Kate Ferschweiler, McKenzie Watershed Council staff; Jared Weybright, Mohawk Watershed Partnership; Colonel Tom O'Donovan, Matt Rea, Army Corps of Engineers; Mike Wolfe, Oregon Department of Environmental Quality; Peter Ruffier, City of Eugene; Shawn Krueger, City of Springfield; David Primozych, Willamette Partnership; Phyllis Highfill, Tom Coffitt, Rebecca Coffit, guests.

ABSENT: Diane Albino (Mohawk Watershed Partnership), Kurt Cox (McKenzie School District), Faye Stewart (Lane Board of County Commissioners), Council Partners.

1. REVIEW AGENDA AND INTRODUCTIONS

Mr. McDowell facilitated the meeting. He called the meeting of the McKenzie Watershed Council (MWC) to order.

Mr. McDowell reviewed the agenda, and determined there were no additions.

Those present introduced themselves.

2. DISCUSSION AND APPROVAL OF JANUARY 2006 MINUTES

Council Partners showed support for approving the minutes of January 2006 by showing Consensus Level 3. Mr. Simpson abstained from the vote because he was not at the meeting.

Council Partners not at the January meeting had no objection to the decisions taken at that time.

3. SHORT ANNOUNCEMENTS/PUBLIC COMMENT

Ms. Finnessy reported that Milo Mecham of the Lane Council of Governments had indicated that the City of Coburg would fund a study of what it would require to connect to the Metropolitan Wastewater Management Commission treatment facility. Coburg was seeking funding for the study, which was anticipated to be completed within four to five months. Once the study was complete, Mr. Mecham would contact Megan to arrange a presentation to the MWC. She said there would be an opportunity for the

Council to provide input to the decision makers after that. Responding to a question from Mr. Moll, Ms. Finnessy indicated she did not know the cost of the study.

Ms. Finnessy announced that Chris Pryor of the Eugene City Council was being replaced on the MWC by Councilor Gary Papé. He would be arriving later in the meeting. She said that Charlene Phipps was resigning as a Council Partner but would remain involved with the Education and Outreach Committee. Responding to a question from Mr. Bumstead, Ms. Finnessy noted that Ms. Phipps was one of two representatives from the McKenzie Valley Residents Association, which was unusual, and said unless directed otherwise she was assuming the Council would have only one representative from the association.

Ms. Finnessy circulated cards of thanks for Mr. Pryor and Ms. Phipps.

Mr. McDowell announced that Charlie Volz of Weyerhaeuser had recently been recognized by the Oregon Department of Fish and Wildlife for the work he was doing with fish passage culverts and other upgrades that accommodated fish. Mr. Volz would receive his award the following day in Salem. Mr. McDowell said that Weyerhaeuser was proud of Mr. Volz and his work.

Mr. Highfill announced that the Guides were offering the lifejacket program again this year.

Mr. Highfill said that the replacement bridge over I-5 was sometime off but he believed the Council needed to be involved because of fish issues.

Mr. Moll said that a planting would at Green Island would occur on February 11. There were 4,000 trees to plant. He encouraged Council Partners to volunteer for the planting.

Mr. Moll noted that Lane County and the Division of State Lands were accepting comments on the Wildish application until 5 p.m. on February 10. He said the comment period could be extended or a public hearing held if sufficient concerns were raised. Information about the application was on the County's website.

Mr. Moser drew the Council's attention to and highly commended the book "Mycelium Running: How Mushrooms can Save the World," by Peter Stamets. He said the book was eye-opening and he believed its lessons could be employed in the watershed.

Mr. Petersen said the Army Corps of Engineers (ACOE) was pulling lots of woody debris from lakes and working with the Willamette National Forest to place it in other locations where it could do good. He invited those with other opportunities to use woody debris to contact him.

Mr. Bumstead reported that the McKenzie Flyfishers, at the request of Randy Hledik of the Wildish Sand and Gravel Company, had sent a letter to regulators regarding its application that was very similar to the one sent by the Council.

Mr. Morales reported that a workshop regarding the SPDP was held in Eugene. He anticipated the first permits would be issued for large wood placement projects in Lane County.

Mr. Pishioneri reported that the City of Springfield continued to work on groundwater containment issues and was implementing a groundwater plan affecting preexisting businesses. The City was working with the Springfield Utility Board on long-term plans for wellhead locations to avoid future conflicts.

Mr. Simpson reported that the Eugene Water & Electric Board (EWEB) commissioners had held their annual meeting in Vida that week. He discussed the Leaburg Lake raise, saying that EWEB continued to

work with the regulatory agencies on a license amendment allowing for a six-inch raise. In the meantime, EWEB staff was investigating the impacts of the lake raise and developing mitigation strategies with affected property owners. He anticipated the mitigation would occur in 2007. Regarding the new Leaburg Lake boat landing, Mr. Simpson said that EWEB would pull together a small group of citizens, including a member of the MWC to consult on the location.

Mr. Simpson said that the Old Field Bridge was scheduled for replacement in spring/summer 2007. It would be replaced with a precast concrete structure.

Mr. Simpson said that the Leaburg-Waltermville relicensing recreation plan included many projects that were already implemented, including gravel work and road improvements around Waltermville Pond and the installation of picnic tables at the pond. He anticipated the plan would be completed this year.

Mr. Simpson said that most of the studies associated with the Carmen Smith relicensing were done. Staff was currently working on several environmental and operational measures. The draft application would be completed in May, and public outreach would follow. The final application must be made to Federal Energy Regulatory Commission (FERC) by October 2007. Ms. Finnessy added that she was working with FERC to get some of the Stillwater scientists, who would be in Eugene for the public input opportunity scheduled on March 8-10, to discuss the context for the studies with the MWC.

Mr. Simpson said that EWEB worked with the Lane County Sheriff's Office to place a new speed limit sign on Leaburg Lake that established a five-mile speed limit from the dam to the bridge.

Mr. Welsh reported that staff had started planning a week ago and he anticipated four to five weeks of planting remained.

Mr. Ziller arrived.

Ms. Ferschweiler reported that she had been taken a class from the McKenzie schools to explore the site of the new track, which included a pond. They had done water quality testing, completed journal entries, and had done some bird watching.

Ms. Ferschweiler anticipated that a teacher workshop would occur in March on energy.

Ms. Ferschweiler called the Council's attention to a writing contest for children K-10 with the theme of "Honoring Our River."

Ms. Allison reported that for the last two years, the ACOE had been funding vertical temperature surveys of Cougar Reservoir, and she anticipated they would continue to fund those surveys.

Ms. Allison reported that the Forest Service was moving forward with a boat launch environmental analysis that would examine reconstruction of the launch at several sites, including Paradise. There was funding in 2007 to replace the boat slides at the Ollalie launch. The Forest Service would replace the portable toilets at all boat launches without permanent vaults installed. Ms. Allison reported that, as was the case last year, there would be no garage pickup at the boat launches.

Ms. Allison said that the McKenzie Trail Bridge around Clear Lake near Cove Water Cove would be closed during the upcoming summer for reconstruction.

Tom Coffitt, a resident of Camp Creek Road near Mile Post 3, shared pictures of his property showing conditions before and after recent high water events. He said that he had purchased the property for its

secluded habitat, which had been protected by a slough that went one-quarter of a mile down the river. The slough and the island protecting it had been damaged by trees that came through at high water. His home was now threatened by the river.

Mr. Coffitt said he contacted the Division of State Lands (DSL) and was told he had the opportunity to restore the habitat if he could retain the vegetation. DSL staff had suggested that he meet with the MWC to discuss his problem. He noted that he had an emergency permit to do fill and had submitted an application to the ACOE. He also had arranged to meet with staff from the ACOE and Mr. Ziller the following day.

Mr. Coffitt emphasized that he was trying to work within the system. He cared about his house but believed there was an opportunity created by the situation. Any assistance the Council could give him would be appreciated, and he invited suggestions and ideas.

Mr. Moser noted a river shift near Big Island and anticipated a possible break down in the rip rap at that location, potentially affecting many acres.

4. WILLAMETTE TEMPERATURE TRADING

Mr. Primozych of the Willamette Partnership was present to make a PowerPoint presentation regarding the concept of temperature trading on the Willamette River to mitigate for water temperature increases.

Mr. Primozych emphasized the need for cooperation on the big projects that were needed in the Willamette Basin. Current tools were effective at one level but ineffective in regard to ecosystem management. He discussed the concept of the ecosystem marketplace, in which conservation credits were created and traded. They represented a unit of measure relevant to an individual driver; in the case of water temperature, the Department of Environmental Quality measured water temperature in kilocalories per day.

Mr. Primozych suggested that the market was more likely to deliver greater ecological benefits at a lower cost. It facilitates investment from multiple sources in priority areas at a meaningful scale, unlike other investments such as on-site wetland mitigation, which often resulted in scattered remnants without ecological value. He said that if investment could be combined, restoration at a larger and more ecologically meaningful scale could be accomplished using current planning such as the Willamette Restoration Initiative, but that required cooperation.

Mr. Primozych discussed potential new conservation buyers, suggesting they included those seeking to distinguish themselves in competitive markets. He cited green-certified products as an example of products sought out by consumers. He suggested that potential sellers included private landowners, private bank developers, conservation groups, and public agencies. Mr. Primozych posited as an example of how the system might work for the Metropolitan Wastewater Management Commission (MWMC) in terms of kilocalories. Mr. Ruffier could work with a landowner who had the ability to generate a quantified number of kilocalories. The MWMC could pay for the restoration of services that created not just the desired outcome of kilocalories, but ancillary benefits as well. He envisioned the creation of a marketplace to help pay for some of the ongoing management and cost of the work being done by conservation groups and government agencies.

Mr. Primozych suggested the new Total Maximum Daily Load (TMDL) standard created an opportunity for the creation and sale of credits. It would require a new approach because current tools do not assist municipalities and industries in meeting the standard. Water temperature trading increased the pace, scale, and effectiveness of investments in the Willamette Basin and achieved regulated standards faster. There

was a focus on watershed-wide goals rather than individual sites. It was more cost-effective. He thought that temperature credit trading was possible in the basin, although it was not possible everywhere.

Responding to a question from Mr. Bumstead, Mr. Primozych said that the impact of the mitigation required must generate a benefit that was greater than the impact being mitigated.

Mr. Primozych reported that his organization had received a grant from the Environmental Protection Agency to develop a mechanism to link buyers and sellers of temperature credits. That would be the focus of its near-term efforts. He noted the support the grant application had received from a variety of different groups with different interests and focuses. The organization would evaluate market viability, define the units of trade, establish their value, and seek shared opportunities for investment from existing planning documents, such as the Willamette Restoration Initiative. Mr. Primozych said that understanding of the marketplace mechanisms would be crucial. He anticipated that investments would be monitored and evaluated for possible modification in the future. He believed that an oversight body that included all interests would be needed to take responsibility for project success and failure and to identify and avoid localized impacts.

Mr. Primozych suggested that the marketplace would only be effective if it could reduce the “pain for gain” ratio. Mr. Primozych also suggested that the MWC could begin to think about the local marketplace, help with research, help the Partnership think about how to apply the concept to a larger landscape as an integrated system recognizing the interrelationships and need for a whole and connected habitat system. The MWC could also assist with outreach.

Peter Ruffier of the City of Eugene’s Wastewater Division discussed the challenges facing the Eugene-Springfield community in meeting the new TMDL standard and mitigating temperature impacts. He said that modeling done by the DEQ indicated the most significant temperature increase occurred a couple of miles downstream from the site of the meeting at the EWEB headwaters because of impacts from the University of Oregon, EWEB, Weyerhaeuser, and the cities of Eugene and Springfield, and was the area targeted for the greatest temperature reduction. The approved Facilities Plan for the MWMC facility included \$20 million to develop opportunities for reclaimed water use, which would reduce the volume of discharged wastewater; that amount would not be near enough to meet the limits being proposed. He endorsed the approach being taken by the Willamette Partnership, saying it would be both cost-effective for local ratepayers while achieving multiple benefits. The MWMC was very interested in the concept.

Mr. Ruffier suggested that there were opportunities in the Basin to enhance or restore gravel bars to take advantage of hyporheic flows that decreased water temperatures. He understood a good opportunity existed at Green Island, where the sloughs and backwater areas could be taken advantage of. He said that the MWMC would be interested in Partnering with the McKenzie River Trust to reconnect hyporheic flows in that area to receive credits. The MWMC would Partner with the Willamette Partnership on the work it would be doing in the near future.

Responding to a question from Mr. Bumstead about the timeline faced by the cities, Mr. Ruffier said that the TDML would be reissued for public comment at the end of March. He was not sure when it would be finalized. Mr. Ruffier said that the City’s wastewater discharge permit was up for renewal and would likely incorporate the new limits. He anticipated the City would receive a compliance schedule with a five-year time frame.

Mr. Pishioneri asked if there was funding available to reduce the number of outflows to the river. Mr. Ruffier said there might be, although if the outflow in question was for stormwater only, it was not likely given the regulatory agencies believed local stormwater did not have a significant effect on temperature because it rained in Oregon when it was cooler.

Mr. Olander asked why there was a focus on this area of the river. Mr. Ruffier attributed it to a number of factors, including the volume of point source discharges, water temperature, and the volume of the river as it passed the community. He added that the temperature differential in question was about one-tenth to two-tenths of a degree. The TMDL allowed a total of .3 degrees Centigrade increase from all human impact.

Mr. Papé arrived.

Responding to a follow-up question from Mr. Olander about the focus on point sources, Mr. Primozich acknowledged the impact from nonpoint sources and said from his organization's perspective, it had a decade of resources that indicated something must be done to address point source controls. Mr. Ruffier noted the lack of direct controls on nonpoint sources and said it was the reality of the situation. It was easier to regulate point sources. Mr. Olander observed that the TMDL concept was supposed to encompass nonpoint sources, but that did not appear to be the case.

Responding to a question from Mr. Highfill, Mr. Ruffier clarified that the area of real impact from temperature increases and where it was necessary to reduce temperature was in the section of the Willamette River above the North Santiam. Mr. Highfill suggested the approach being contemplated could result in some areas of the river becoming sterile while others were enhanced. Mr. Primozich said the EPA did not allow for the creation of such sterile zones.

Mr. Ziller asked about other habitat-related enhancements that might be addressed through the credit even if a temperature decrease was not achieved. Mr. Primozich suggested that Mr. Ziller was discussing a conservation credit, which he termed the "holy grail" of ecological service trading. Such a credit was based full ecological system values rather than on a parameter-by-parameter basis. He said that it was on the table, but the organization was more focused on the immediate need created by the new standard. He said his organization thought there were other markets available and were seeking to understand their drivers and eventual units of measurement. He noted a concern about the potential that those seeking to take advantage of the credits would "double-dip" such credits for multiple purposes.

Mr. Morales reminded those present of the State wetlands mitigation bank and the benefits it provided. He also did not think the value of small, disconnected wetlands should be discounted. Mr. Primozich said that presently, his organization was focused on maximizing investments and would consider other ecological investments in the future after work on the temperature credit was completed.

Responding to a question from Mr. Moll about the data the organization was amassing on value, Mr. Primozich indicated his organization was working with data provided by Tualatin as a result of its Clean Water Services effort, the Institute for Water Resources, the ACOE, and the United State Geological Survey.

Mr. Primozich emphasized that he did not have perfect answers. The model was built on assumptions. His organization was seeking transparency and consensus, and partnerships to achieve them.

Mr. Ruffier emphasized Eugene's interest in having certified green wastewater.

Mr. McDowell called for a break at 7:05 p.m. and reconvened the meeting at 7:15 p.m.

Mr. McDowell introduced Mr. Papé, the new representative from the Eugene City Council. Council Partners welcomed Mr. Papé to the MWC.

5. SALMON & WILLAMETTE US ARMY CORPS OF ENGINEERS PROJECTS, PAST, PRESENT, AND FUTURE

Mr. Ziller provided an overview of dam projects constructed in the Willamette Basin by the ACOE and their impacts on native fish. He shared slides showing historic conditions in the basin during flood events of the past and the dams that were subsequently constructed in response to flooding in the valley. Mr. Ziller enumerated the 13 ACOE dams constructed in the Basin, and distinguished those dams primarily built for flood control and hydro electric power from those constructed for agricultural purposes. He noted that the dams were largely successful in regard to flood control.

Responding to a question from Mr. Bumstead, Mr. Ziller said that if the area had experienced one more storm than it had in 1996, the dams at Cougar, Blue River, and Detroit would have been overtopped. Colonel O'Donovan reported that modeling had been done to demonstrate the impact of no dams for the most recent Christmas, New Years, and mid-January 2006 events, and that indicated water levels would have increased approximately 27 feet in Salem and 14 feet in Portland.

Mr. Ziller discussed the generally negative impact from the dams on the native fish populations because of the elimination of migration routes, and the federal government's response in the form of fish hatchery construction, fish passages, and annual smolt releases. He said that when the dams were constructed, it was anticipated that natural production downstream would help replenish fish stocks, but that had not been the result. Instead, there had been sharp decreases in salmon production.

Colonel O'Donovan noted the impact of predators such as sea lions on Chinook levels. Mr. Ziller concurred, and further noted the impact of other predators such as Caspian terns and cormorants.

Mr. Ziller noted the impact on temperature created by the dams, and shared a slide showing the impacts of thermal stratification. He noted that salmon eggs laid in warmer water in September and October were negatively affected by the waters, which were not natural for the species. Eggs were affected by a fungus and died. He further noted the negative impact created by an overall decrease in channel complexity, which resulted in a loss of gravel beds for egg laying and a decrease in the large woody debris that supported smolts. Mr. Ziller noted the negative effect of turbidity on fish that fed by sight.

Mr. Ziller reported that the Oregon Department of Fish and Wildlife had released excess Chinook salmon in the upper basin as a food source for bull trout and found that a small percentage were surviving their trips through the dams. He noted the survival rates at several dams, which indicated a high of 88 percent at Lookout Dam. He observed that regulating outlets appeared to be harder on the fish than the turbines through which they passed.

Mr. Richeson left the meeting.

Mr. Ziller noted the temperature control device installed at Cougar Dam to lower temperatures to be more suitable for bull trout. He suggested the potential the dam could be retrofit with fish passages. Mr. Ziller emphasized the productive habitat that existed in the McKenzie River today, and the potentially productive habitat that remained in the Basin. He said that was the department's future focus. He believed that the lower habitat could be improved, but Oregon would have to deal with the existing dams' impact on native fish populations.

6. COMMITTEE UPDATE

Education Committee

Ms. Ferschweiler reported that the Committee met and developed two areas of emphasis, the McKenzie School project and an education and outreach plan. She anticipated that the Committee would look at all the Council's other plans and pull various elements of them together for review at the annual retreat.

Projects Committee

Mr. Welsh reported that the Committee had met to discuss the allocation of the 412/414 funding provided through EWEB. He said the Committee would meet again on March 2 at 1 p.m. at EWEB to evaluate projects.

Water Quality Committee

Ms. Finnessy called the Council's attention to the Committee's minutes and briefly reviewed highlights of the minutes.

Ms. Finnessy noted an upcoming meeting with representatives of the ACOE to discuss the Gossler Family concerns regarding the cost of meeting heightened regulatory requirements for the Cedar Creek headgate system.

Ms. Finnessy reported that the Xerces Society and DEQ were Partnering on the macroinvertebrate database with Council cooperation.

7. ADMINISTRATIVE UPDATE

Ms. Finnessy invited Council Partners to call her with questions about the quarterly report.

Ms. Finnessy reported that the MWC received an Oregon Watershed Enhancement Board local innovation fund grant to continue to fund the work of the Confluence Steering Committee. She said that John Runyon would seek matching dollars for the effort from the confluence-area gravel operators.

Ms. Finnessy acknowledged the contribution made by Weyerhaeuser for helping to rebuild the Council's database.

Ms. Finnessy previewed future agendas, which included a presentation from George Miller of the ACOE on the Cougar temperature control device and trap and haul facility and a presentation on the Carmen Smith relicensing studies.

Ms. Ferschweiler called the Council's attention to the annual river clean-up in July.

Mr. McDowell adjourned the meeting at 8:15 p.m.

(Recorded by Kimberly Young)